Centre Seeks House Nod for Net Extra ₹41k cr Expenditure

Govt confident of meeting fiscal deficit target

Bigger Purse

KEY PROPOSALS INVOLVING NET CASH OUTGO

₹18,525 cr Fertiliser subsidy

₹2,504 cr Extra transfer to J&K

₹9,473 cr Mainly for compensating oil firms for underrecovery in LPG supply

₹1,304 cr Extra requirement for higher education

₹2,198 cr Development package for Manipur

₹1,32,269 cr Total gross extra spending proposed in FY26

₹90,812 cr Gross spending to be met via savings or enhanced receipts

₹36,950 cr For converting Vi's spectrum dues into govt equity, biggest gross spending proposal

Our Bureau

New Delhi: The government on Monday sought Parliament's approval for a net additional expenditure of ₹41,455 crore as finance minister Nirmala Sitharaman presented the first batch of supplementary demands for grants for this financial year.

The demands involve gross additional spending of about ₹1,32,269 crore in this fiscal, including ₹36,950 crore for converting Vodafone Idea's outstanding spectrum dues into government equity, as announced in late March.

Senior officials, however, said the government expects to meet its fiscal deficit target of 4.4% of gross domestic product (GDP) for 2025-26, absorbing the net outgo within the overall budgeted expenditure of ₹50.65 lakh crore.

About ₹90,812 crore of the gross extra expenditure will be met through savings of various ministries and departments or by enhanced receipts and recoveries, according to the papers tabled in Parliament.

Besides, the government sought a token provision of ₹1.29 crore for allowing reappropriation of savings in cases involving new service or the expansion of existing policy under the so-called New Instrument of Service.

Additional outgo under some programmes or heads is often significantly offset by savings in others and reprioritisation of expenditures by the end of the fiscal.

The Centre's fiscal deficit until October in this financial year touched 52.6% of the annual target, compared with 46.5% a year before, on account of higher capital spending and lower net tax collection.

Experts said the higher-than-budgeted non-tax revenue—lifted by a record ₹2.69 lakh crore dividend transfer by the central bank—and compression of revenue expenditure could offset any potential tax shortfall this fiscal.

"The net cash outgo under the first supplementary demand for grants is relatively moderate, and could be financed through savings found under other heads," said ICRA chief economist Aditi Nayar, adding that she didn't expect "a material fiscal slippage at the current juncture".

India Ratings chief economist DK Pant said the non-tax revenue and non-debt capital receipts remain strong.